REMARKS

The Applicant has amended Claims 1, 13, 16, 20, 22, 23, 26, 41, and has added new Claim 68, which are supported by the original specification.

REJECTIONS OF THE CLAIMS UNDER §102

The Examiner has rejected Claims 1, 7, 8, 20, 22, 23, 26, 27, 30, 34, 38, 41, 47, 52, 55, and 58-67 under 35 U.S.C. §102(b) as being unpatentable over the Inoue reference (U.S. Patent Application No. 2003/0028622). The Applicant respectfully asserts that the Inoue reference does not teach or suggest each and every element of these claims.

In particular, the Inoue reference does not teach or suggest "transferring the electronic file to a second client; and upon the transfer of the electronic file, requesting a license from the server and modifying the first license, wherein the licensed actions of the modified license are more restrictive than the first set of licensed actions." In the Inoue reference, the restrictions for a child terminal are independently controlled by the parent terminal as described in Inoue paragraph [0007] and [0097]. The content distribution center and parental terminal act as an administrator and the child terminals as controlled unit. The administrators have complete access to content whereas the child terminals only receive access to content based on the restrictions set by the administrators as described for the two embodiments of Inoue. This does not suggest that an electronic file on a first client would be modified to be more restrictive after transferring the file to a second client. In fact the system of the Inoue reference would actually teach away from such a technique especially in the context of content distribution to children. A parent would not want one child (who is allowed access to content) to be able to transfer that file to a second child (who may not be allowed access to the particular piece of content) making that content accessible for that second child and not for the first child. The administrators in the system of Inoue (the parental unit and content distribution center) prevent such a license transfer from occurring by individually setting the restrictions for each child terminal.

Furthermore, the Applicant respectfully disagrees with the arguments of the Examiner in regards to the Applicant reciting unclaimed limitations. The previously amended claims

included "allowing an initial set of permissible actions on the first client with the electronic file, regardless of a connection between the first client and the server" and "transferring a first license to the first client that allows a first set of licensed actions on the first client with the electronic file".

And the Applicant further asserts that the "logical cut in the server connection" cited by the Examiner teaches away from allowing an initial set of permissible actions regardless of a connection. As stated in the Inoue reference, cutting the server connection instead teaches preventing access to an electronic file and as a result preventing *any* actions. Additionally, Inoue does not teach an initial set of permissible actions and a first set of licensed actions of an electronic file. As described in the Inoue reference, terminals are permitted only use as defined by the restrictions set by the parental terminal (see paragraphs [0007] and [0097]).

For these reasons, the Applicant respectfully requests that the Examiner reconsider and withdraw these rejections under §102.

REJECTIONS OF THE CLAIMS UNDER §103

The Examiner has rejected Claims 13, 16, 35, and 49 under U.S.C. §103(a) as being unpatentable over the Inoue reference in view of the Barber reference (U.S. Patent No. 5,390,297). The Applicant respectfully asserts that the Examiner has not established a *prima facie* case because the references do not teach or suggest each and every element of Claims 13, 16, 35, and 49.

As a first point, the Inoue reference fails to teach or suggest each and every element of the independent Claims of which Claims 13, 16, 35, and 49 are dependent, as shown above. In particular, the Inoue reference in view of the Barber reference does not teach or suggest "upon receipt of an empty license from the server, allowing an initial set of permissible actions with the electronic file, regardless of a connection between the first client and the server." In regards to Claims 13 and 49, the Barber reference does not teach "requesting a dummy file upon the transfer of the file from the first client to the second client, and receiving the dummy file by the first client and requesting a license from the server upon the receipt of the dummy

file that modifies the first license." Neither the Inoue reference nor the Barber reference teach the use of a dummy file that prompts the request of a license to modify a first license.

The Applicant submits that the above amendment presents subject matter that is patentably distinct and non-obvious in light of the references cited by the Examiner. Accordingly, the Applicants respectfully request that the Examiner reconsider and withdraw these rejections under §103.

CONCLUSION

In view of the preceding amendments and remarks, the Applicant respectfully submits that the specification is in order and that all of the claims are now in condition for allowance. If the Examiner believes that personal contact would be advantageous to the disposition of this case, the Applicant respectfully requests that the Examiner contacts the Attorney of the Applicant at the earliest convenience of the Examiner.

Respectfully submitted,

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